

2009



# **New Jersey Casino Control Commission Annual Report**

## 2009 Annual Report

The  
2009  
Annual  
Report of the New  
Jersey Casino  
Control  
Commission



*Chris Christie*  
*Governor*

## 2009 Annual Report



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## Message from the Chair



*Linda M. Kassekert*

**G**ambling can be fun and entertaining, but regulating gambling is serious business. And we take it seriously.

In order for people to come and try their luck at the slot machines and table games in Atlantic City's 11 casinos, they have to be confident that the games aren't rigged, the rules are fair, the dealers don't cheat and the owners are honest. People get that confidence from the strong, thorough regulatory system that has been established in New Jersey – a system that always places integrity as its highest priority.

That wasn't an easy task. Anyone familiar with Atlantic City's history or who has read Nelson Johnson's book *The Boardwalk Empire* knows that it's a place where illegal gambling openly flourished decades ago. In addition, this agency was created at a time when organized crime controlled many of Nevada's legal casinos and much of the public believed casinos and organized crime were inextricably linked. This agency changed that. For more than 30 years, the Casino Control Commission has given the people that confidence by holding the gaming industry, and itself, to the highest levels of integrity. Through its efforts, and those of the Division of Gaming Enforcement, New Jersey's gaming regulators showed the world that with appropriate regulation, organized crime could be kept out and casino gaming could help create jobs, generate tax revenue and attract billions of dollars of capital investment.

Over the years, the Commission's role has matured along with the industry it regulates. The commission has focused on integrity and given casino operators the latitude to run their businesses the way they see fit. Our ability to change with changing times has been particularly important in the last several years as the industry battled an economic recession and increased competition. In 2009 alone, casino revenue fell 13.2 percent to \$3.9 billion and gross operating profits declined to levels we haven't seen since 1991. The industry has been in a decline for three straight years – a decline that will likely continue through 2010. There is a bright spot that many people seem to have overlooked in all the economic reports. While revenues and profits are down, the number of people spending the night in Atlantic City's casino hotels increased in

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## Message from the Chair

*(continued)*

2009. The number of occupied room nights was up almost 2 percent compared with 2008, an indication that more people are staying over, just not spending as much money as they have in the past.

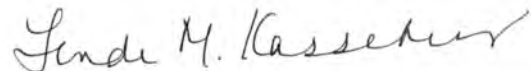
As 2010 starts, both Pennsylvania and Delaware are introducing table games to what had been all-slots facilities which will increase competition. In addition, work is underway on one of two casinos planned for Philadelphia which is opening in the fall of 2010 and there could be more competition from New York State.

In light of the economic challenges facing the casino industry, the commission took steps to reduce its own expenses in 2009 and to ease the regulatory burden on them. Through attrition, we reduced the size of the commission's staff from 295 to 283, enabling us to reduce spending by about 6 percent. More reductions will take place in 2010 and we continue to cut costs. The Division has also reduced its staff and made changes to reduce the cost of regulation on the casino industry. Both agencies reduced their expenditures while dealing with extremely challenging issues throughout the year. Those included the second year of a conservatorship for the Tropicana which finally came to a close early in 2010, the decision by the owners of the financially struggling Resorts to give the deed to the property to its banks and the Chapter 11 bankruptcy filing by Trump Entertainment. Throughout the year, our staff did a tremendous job handling those issues and others, such as implementation of regulations that permit casinos to cancel unredeemed slot vouchers and keep much of that money, processing more than 18,000 applications for new or renewed employee licenses and registrations, and the collection of more than \$450 million in fees and taxes for the state, much of which went to benefit our state's seniors and people with disabilities.

As we move through 2010, I know our staff will continue to serve with the same level of professionalism and integrity that has been a hallmark

of the commission. I am confident that both the Commission and the Division will continue to work together with the gaming industry to identify additional potential changes to the statute and regulations that can further streamline our regulatory system.

In closing, I would note that shortly after taking office in January 2010, Governor Christie appointed a special commission to study the future of gaming, entertainment and sports in New Jersey and to develop recommendations on how to revitalize them. We hope to work closely with that commission as well as with the Legislature and the Administration to help develop the strategies that will help guide the gaming industry in Atlantic City into the future.



**2010  
CASINO  
CONTROL  
COMMISSIONERS**



**2010 DIRECTORS**

LINDA M. KASSEKERT  
Chair

SHARON ANNE HARRINGTON  
Vice Chair

MICHAEL C. EPPS  
Commissioner

EDWARD J. FANELLE  
Commissioner

WILLIAM T. SOMMELING  
Commissioner

DAVID L. SCANLAN  
Chief of Staff

LINDA A. BROOKS  
Division of Administration

NOREEN N. IANNUZZI  
Division of Financial Evaluation

DIANNA W. FAUNTLEROY  
General Counsel

JAMES E. FEHON  
Division of Compliance

CHRISTOPHER D. STORCELLA  
Division of Licensing

MARVIN ASKINS  
Affirmative Action Officer





LINDA M. KASSEKERT  
Chair

Linda M. Kassekert was appointed Chair of the New Jersey Casino Control Commission in November 2002 and reappointed by Governor Corzine to a second five-year term in June 2007. Her tenure on the Commission has coincided with significant changes in Atlantic City and the gaming industry.

Consistent with the tone established by her predecessors, Chair Kassekert is committed to ensuring the integrity of the industry while promoting growth and development of the gaming industry and its venues for entertainment and is equally committed to ensuring Atlantic City's competitive edge in the face of growing competition.

Under her leadership, Atlantic City's first new property in 13 years, the Borgata, opened in 2003; the Quarter at Tropicana, a themed retail and entertainment complex opened in 2004; the House of Blues at Showboat, a multi-level music hall, restaurant, and themed casino opened in 2005. Chair Kassekert has also presided over the opening of a new hotel tower at Resorts; the expansion of the beach bar concept around the city; the sale of the Atlantic City Hilton to Colony Capital; the acquisition of Caesar's Entertainment by Harrah's Entertainment; and the reorganization of Trump Entertainment.

Chair Kassekert serves as the Commission's representative on the Casino Reinvestment Development Authority and holds a board membership on Cooper Hospital Health Systems. Chair Kassekert was the first woman to be named chair of the Commission.

Prior to joining the Commission, Chair Kassekert was the Associate Director of Government Relations for the New Jersey Education Association and also had 12 years of experience in various positions in state and county government. While at the NJEA, Chair Kassekert served as a lobbyist for the 179,000-member labor union which represents active and retired teachers and other professionals in the education community in the state.

Chair Kassekert spent a year as an Assistant County Counsel in Camden County in 1994 and 1995. In that position she represented the county in the state courts in litigation dealing with employment law, contracts and other governmental matters. She also represented the county on a variety of matters before bodies such as the State Merit System Board, the Office of Administrative Law and the State Public Employees Relations Commission. Between 1990 and 1994, Chair Kassekert was the Deputy Commissioner in the New Jersey Department of Personnel in Trenton and served for a period as Acting Commissioner.

Chair Kassekert holds a bachelor of science degree in political science from Gettysburg College, a masters degree in public policy from Rutgers University and a law degree from Widener University School of Law. She is admitted to practice law in New Jersey and Pennsylvania.

A native of Maple Shade, she currently lives in Pennsauken.



**SHARON ANNE HARRINGTON**  
Vice Chair

Sharon Anne Harrington was appointed Commissioner of the New Jersey Casino Control Commission in July 2009. Prior to joining the Casino Control Commission, Ms. Harrington served as Chief Administrator of the New Jersey Motor Vehicle Commission (MVC) from March 2004 through July 2009.

Commissioner Harrington was the State Director for U.S. Senator Frank R. Lautenberg and had previously been Managing Partner with Public Strategies Impact, a Trenton-based Government Relations/Public Affairs firm. Her portfolio included public and private sector clients at the state and federal levels.

Ms. Harrington served as Vice Chair of the Region 1 Board of Directors of the American Association of Motor Vehicle Administrators (AAMVA) and is also a member and past chairperson of the New Jersey State Council on the Arts. She served as a member of the State Ethics Commission. She has a long-standing history of public service having served as the Public Member to the New Jersey Cemetery Board (1981-1983), the Urban Enterprise Zone Authority (1984 -1990) and the New Jersey State Council on the Arts (1990-1996; 2002-2010). Harrington also served as a Board member for the New Jersey Symphony Orchestra, the New Jersey Shakespeare Festival, Passage Theater, the New Jersey Performing Arts Center and the Women of Irish Heritage of the Jersey Shore.

Ms. Harrington is a graduate of Glassboro State College, now Rowan University, where she served on the alumni board. She is married to George Sullivan. They reside in the City of Trenton, Mercer County.





**MICHAEL C. EPPS**  
Commissioner

Commissioner Michael C. Epps was appointed to the Casino Control Commission by Acting Governor Donald DiFrancesco and was sworn into office on January 4, 2002. In December 2006, Gov. Jon S. Corzine reappointed Commissioner Epps to a second five-year term. In 2005 Commissioner Epps served as Vice Chair of the Commission. The Commissioners elected him to serve again as Vice Chair in 2009. His current term expires in 2011.

Prior to his appointment, Commissioner Epps served as general counsel for the Atlantic City Board of Education. In that capacity, he was responsible for drafting and reviewing contracts, bids and proposals for the school board and for handling litigation in the Superior Court, Office of Administrative Law and before the Commissioner of Education. In addition, his responsibilities included ensuring that the board complied with all relevant state statutes. Prior to joining the Board of Education, Commissioner Epps was an associate with the law firms of Horn, Goldberg, Gorney, Plackter, Weiss & Perskie in Atlantic City and the Absecon firm of Savio, Reynolds & Drake.

The first Atlantic City native to serve on the commission, Commissioner Epps, a graduate of Atlantic City High School, earned a Bachelor of Science degree in journalism from the University of Maryland in 1988. He graduated from the Howard University School of Law in 1994 and was admitted to the New Jersey Bar that same year. He is also admitted to the bar in Pennsylvania.

Commissioner Epps is a member of the American, New Jersey and Atlantic County Bar Associations. He serves as a Commissioner on the Atlantic County Utilities Authority, sits on the Advisory Board of the First Tee of Greater Atlantic City, and serves as the Commission's representative on the board of the Atlantic City Special Improvement District. He is also a member of the Vincent S. Haneman American Inns of Court, Omega Psi Phi Fraternity Inc. and legal fraternity Sigma Delta Tau. He currently resides in Galloway Township with his wife and daughter.



## EDWARD J. FANELLE

### Commissioner

Edward J. Fanelle was appointed to the Casino Control Commission by Governor Jon Corzine and was sworn in on Feb. 1, 2010.

Prior to joining the commission, Commissioner Fanelle served as Director of Communications/911 and as the Director of Public Safety for Camden County. As Director of Public Safety, he coordinated fire and emergency medical services throughout Camden County, and for most of the municipal police departments in the county. He oversaw the County Fire Marshall's Office, Regional Emergency Training Center, County Park Police, Juvenile Detention Center, Communications Center and Office of Emergency Management. He previously worked for the R.E. Pierson Construction Company in Pilesgrove as its Human Resource Manager-EEO Officer where he administered all human resource functions for a staff of approximately 600 union and non-union employees.

Commissioner Fanelle is a 25-year veteran of the New Jersey State Police. Prior to his retirement in 2007 with the rank of captain, he served as the Personnel Officer for State Police. He provided executive leadership over a number of areas including long-range planning and best-practices identification, as well as providing cross-functional management leadership to a bureau that provides human resource services to 4,600 State Police employees. While there, he received a "Colonel's Commendation" for development of the Compliance Unit which monitored sick leave abuses and led to a savings of \$2.4 million in a one-year period.

Between 1987 and 2002, Commissioner Fanelle headed the State House Complex Security Unit which provides security for the governor, the legislature and state employees who work in the Capitol Complex. He developed and implemented structural and electronic security systems for the State House and the State House Annex and developed training programs for more than 300 security guards throughout the Capitol Complex.

Commissioner Fanelle received a bachelor's degree in political science from York College in York, PA. He lives in Woolwich, NJ with his wife and two sons.



**WILLIAM T. SOMMELING**  
Commissioner

Commissioner William Sommeling was appointed to the Casino Control Commission by Governor Christine Todd Whitman in November, 2000. He served as vice chair during 2004. He was reappointed by Gov. Richard Codey in 2005 and currently serves as vice chair. His term expires in 2010.

Prior to joining the commission, he served as Undersheriff in Ocean County for 11 years and has more than 35 years of experience in law enforcement. As Undersheriff, Commissioner Sommeling was responsible for much of the day-to-day management and operation of the Sheriff's Office.

Commissioner Sommeling started his career in public service when he went to work for the city of Seaside Heights in 1955. He served in the Police Department there as patrolman, investigator, undercover agent and sergeant until 1967 when he moved to the larger Dover Township Police Department. He also rose to the rank of sergeant thereafter serving as a patrolman, detective, and investigator. He also was the department's planning officer and project director for several programs that were funded through state and federal grants. In both municipalities, he did extensive undercover work on narcotics cases. He was also assigned to the Ocean County Prosecutor's Office and served as the Deputy Director of the Ocean County Narcotics Bureau where he was in charge of all of its field operations.

After leaving the police department in 1981, Commissioner Sommeling held several positions in casino surveillance departments in Atlantic City. He was a surveillance shift supervisor and monitor room manager at the Claridge Casino Hotel in 1981-1982. He then joined the Tropicana Hotel Casino as assistant director of surveillance and was promoted to director of surveillance in 1984. He remained with Tropicana until 1989 when he was appointed Undersheriff in Ocean County.

Active in politics for years, Commissioner Sommeling was the president and chairman of the board of trustees of the Toms River Regular Republican Organization. He also has served as a member of the Dover Township Committee, chairman of the Dover Township Board of Adjustment and the Dover Township Municipal Utilities Authority and was a member of the Ocean County Utilities Authority and chaired its Administration Committee.

Commissioner Sommeling graduated from Trenton State College with a degree in criminal justice and received a masters in administration from Rider University. He also received an associates degree from Ocean County College, a certificate in Police Science and Administration from Temple University and completed post graduate courses at Cornell University and the University of Virginia. He also received professional training at the New Jersey State Police Academy, the FBI National Academy and the National Sheriff's Institute and attended numerous other courses offered by state and national law enforcement agencies. He also served in both the New Jersey National Guard and the United States Marine Corps Reserves. Commissioner Sommeling is or has been active in a number of professional and civic organizations, including: International Association of Chiefs of Police, National Sheriff's Association, United States Marine Corps League, New Jersey State PBA, Police Superior Officer's Association, American Society of Industrial Security, FBI National Academy Association, Lambda Alpha Epsilon, Toms River Yacht Club, Emerald Society of New Jersey and Ducks Unlimited.

## Operations of the Commission



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## Chief of Staff's Office

The Chief of Staff reports directly to the Chair. The primary responsibility of the Chief of Staff is to ensure that the Commission functions effectively. The Chief of Staff directs strategic planning, agency-wide policy development and the implementation of plans and policies. The Commission's budget process and all administrative matters for the division directors are also handled by this office.

The Public Information Officer reports directly to the Chief of Staff and is responsible for media relations for the Commission. Detailed information on the regulatory system, the casino industry and the impact of casino gaming on the City of Atlantic City and the state is provided through the Public Information Officer.

The Community and Employee Events Unit also reports to the Chief of Staff. This unit coordinates employee events and prepares publications for internal and external distribution.

### The Chief of Staff Year in Review:

- ▶ Continued the Commission's efforts to find efficiencies throughout the agency and streamline services to the casino industry and the public;
- ▶ Provided better and more current access to data and financial reports and other information and documents often requested by the public, the gaming industry, other national and international gambling jurisdictions and financial sector representatives;
- ▶ Prepared a myriad of reports, presentations and speeches for the chair and commissioners of the agency. This information is often presented to college, business and law school classes, community groups, industry conferences and the investment community;
- ▶ Handled more than 2,500 inquiries from the public, news media outlets, public officials and others about a wide range of topics dealing with the Casino Control Commission, commission decisions, the Casino Revenue Fund, the gaming industry and Atlantic City;
- ▶ Responded to OPRA (Open Public Records Act) requests seeking access to copies of public documents, including petitions, rulings, transcripts, opinions, reports and others;
- ▶ Continued to work with all the divisions of the Commission to update the Commission's website with new and revised statistics and information in a timely manner; and
- ▶ Organized two American Red Cross Blood Drives and various employee functions which raised money for Haiti Relief through the American Red Cross.

## Office of the General Counsel

The General Counsel's Office, also known as the Legal Division, is composed of three units: the Licensing Unit, the Compliance Unit and the Casino Licensing and Regulatory Affairs Unit, which includes the Administrative Practice Unit.

The Compliance Unit is responsible for providing legal advice to the Commission and to the Operations and Inspections Unit of the Compliance Division on matters relating to accounting and internal controls, gaming equipment, the rules of the games, and casino floor expansions.

The Casino Licensing and Regulatory Affairs Unit handles all casino licensing and renewals, and is the Unit primarily responsible for regulatory review.

The Administrative Practice Unit coordinates preparation of the public meeting agenda, notices and minutes as well as access to public records.

During the past year, the Compliance Unit handled a variety of interesting, complex and challenging matters:

- ▶ In response to requests from casinos or the Commission's Operations Unit, the unit drafted proposed regulations for a number of matters, including for new types of slot machines such as multi-player slot machines, for new table games, such as Diamond Roulette and Automated Craps and for back-of-the-house procedures such as coupon redemption, CMS Bank, Code loading and Help Desk protocols.

- ▶ In response to the Industry's request for ongoing study and revision of Commission regulations, regulations were drafted and presented to the Commission which modified the time limits and streamlined the procedures for securing changes to a casino's certificate of operation, as well as regulations providing for more flexibility in the staffing of gaming tables.

- ▶ Monitored proposed expansions to and reconfigurations of the casino floors of each casino licensee, and oversaw the approval of those proposals. The unit monitored proposed transfers of progressive slot jackpots to ensure compliance with Commission regulations, and handled a number of inquiries from Commission inspectors regarding incidents and issues in various casino-hotels.

- ▶ Received and processed 347 patron complaints, primarily involving rules of the games, complimentary items, advertising and promotions, a number of which were referred to the Division of Gaming Enforcement for further investigation. The unit also responded to numerous subpoenas.

- ▶ In addition to assigned duties, the unit assisted the General Counsel Licensing Unit and together drafted amendments to the Casino Service Industry licensing and exemption regulations.

*The attorneys within the Casino Licensing and Regulatory Affairs Unit had a challenging, yet rewarding 2009:*

- ▶ Advised the Commission as it continued monitoring the conservator appointed for former casino licensee Adamar, and assisted the Commission during its consideration and approval of the asset purchase agreement and the organizational structure petition of the steering committee of the secured lenders and Tropicana Entertainment, Inc. for approval for it to apply as a holding company of Tropicana Atlantic City;



## Office of the General Counsel

The Licensing Unit advises the Commission on the majority of the agency's contested cases.

This year the General Counsel's Office said goodbye to another distinguished Assistant General Counsel.

Assistant General Counsel Dennis Kell, head of the Legal Division's Compliance Unit was hired by the Commission on December 3, 1980. He retired on June 30, 2009 after 29 years of incomparable service to the Commission generally, and the Legal Division specifically.

- ▶ Advised the Commission during its consideration of various first impression and complex licensing issues raised by RAC and Trimont as it pursued certain remedies against licensee Resorts.

- ▶ Assisted and advised the Commission during its consideration of the approval of the interim casino authorization for Infinity World.

- ▶ Reviewed the Special Report of the Division of Gaming Enforcement on its Investigation of MGM Mirage's Joint Venture with Pansy Ho in Macau, Special Administrative Region, People's Republic of China and met with Division and MGM attorneys on multiple occasions to prepare for licensing reopening hearings.

- ▶ Continued to maintain the official records of the Commission and responded to approximately 100 requests for information and/or documents under the Freedom of Information Act and the Open Public Records Act.

*The attorneys and professional staff within the Licensing Unit met the challenges of 2009 resourcefully and successfully:*

- ▶ Successfully defended the Commission at the state appellate court during proceedings arising from the denial of an applicant for a non-gaming casino service industry enterprise license's petition for the release of monies held in escrow;

- ▶ Assisted the Hearing Officer in the issuance of countless decisions before and during the hearing in Bayshore Rebar, the second longest hearing in the Commission's distinguished history;

- ▶ Continued to assist the Commissioners in their capacity as quasi-judicial hearing officers in the conduct of contested licensing proceedings;

- ▶ Helped to implement the newly-created exemption in N.J.S.A. 5:12-92(c) (3) for certain non-gaming casino service industry enterprises;

- ▶ Handled numerous petitions from various casino service industry enterprises seeking a variety of relief; and

- ▶ Opened 738 new contested license and casino violations cases and closed 910 contested matters.

## Division of Administration

The Division of Administration encompasses four units: the Administrative Operations Unit, the Budget and Fiscal Office, the Human Resources Unit, and the Information Technology Unit.

The Administrative Operations Unit is the organizational hub of the Agency, and manages incoming and outgoing mail, transportation, central files, document receipt and processing, building security, and all facilities operations.

The Budget and Fiscal Office oversees the Commission's annual budget, purchasing, and Agency fiscal operations services.

The Human Resources Unit is responsible for all personnel and employee services, including recruitment, time-keeping, employee benefits, compensation and classification, and for the maintenance and storage of personnel records. It also ensures agency compliance with all Department of Personnel requirements and directives.

The Information Technology Unit delivers Agency-wide technology services, including computer infrastructures, telecommunications, and eGovernment initiatives.

## The Division of Administration Year in Review:

- ▶ Reviewed and revised the Commission's Business Continuity Plan. In May, Vincent Jones, Director of the Atlantic County Office of Emergency Preparedness, conducted a successful on-site test of the Commission's Business Continuity Plan;
- ▶ Reduced Commission state vehicle costs by returning four vehicles to the State Motor Pool;
- ▶ Provided specialized training to Agency personnel, including AED/CPR refreshers and Agency-wide state Ethics training;
- ▶ Implemented the state Learning Management System at the Commission, which will provide significant cost-savings throughout the state through management efficiencies and consolidation of training programs;
- ▶ Provided a free download of Microsoft Office 2007 suite software to all Commission employees for home use. This software would otherwise cost \$500 to \$600 dollars per employee;
- ▶ Discontinued the SNA computer connection to Trenton. This SNA line discontinuation should save the Commission approximately \$80,000 per year;
- ▶ Enterprise License ELS application successfully moved to production. With this new system, the casino industry can access the on-demand Active and Prohibited vendor list without Commission interaction. Also successfully automated the posting of Active Vendor Records (AVR) to the Commission's website;
- ▶ Major regulatory changes to both FEU and Employee Licensing systems were implemented by in-house staff;
- ▶ Developed and implemented procedures and guidelines to track and verify Self Directed Furlough Days (SDF) for Commission staff;
- ▶ Completed comprehensive audit of Personnel files to comply with current records retentions schedule;
- ▶ Projected to cut \$20K out of the Agency's supplies budget;
- ▶ Continued consolidation of job roles and responsibilities Division-wide to maintain service levels with reduced staffing;
- ▶ Through attrition, overall staffing levels of the Commission were decreased from 295 to 283, projected to reduce agency's FY2010 salaries and fringe benefits costs by \$1.7M or 6% of total authorized spending.

## Division of Compliance

The Division of Compliance consists of a Director's Office and two operating units – the Casino Operations Unit and the Inspection Unit. The Division of Compliance is the largest division in the Commission, comprising over half of the agency's work force.

The Casino Operations Unit is responsible for assuring that each casino licensee establishes adequate internal controls over gaming operations and is in compliance with pertinent sections of the Casino Control Act and related regulations. The unit also reviews submissions seeking approval of new gaming equipment, new games and new rule options on existing games.

The Inspection Unit continues to be the most visible unit within the Commission; Commission Inspectors are present in the casinos 24 hours a day, seven days a week. The Principal Inspectors and Inspectors assigned to each casino ensure the integrity of casino operations by monitoring gaming activities and certifying all gaming revenue. In addition they receive complaints from the public related to the conduct of gaming and simulcast wagering operations.

### The Division of Compliance's Year in Review:

- ▶ Reviewed more than 2,250 internal control submissions;
- ▶ In cooperation with the Division of Gaming Enforcement, implemented an electronic posting system for slot machine approvals and approved more than 1,100 slot machine and slot system prototype modifications, including a multi-player slot system and an adaptive slot system;
- ▶ Approved more than 450 software change control notices as part of an ongoing review of casino computer systems;
- ▶ Approved a new automated shuffling device with card recognition; new playing cards for all casinos and several new table games including three new versions of poker, which continues to be a popular game;
- ▶ Provided assistance in developing legislative amendments to the Casino Control Act to address various gaming issues, the most significant being the expiration of gaming debts including gaming vouchers and keno tickets;
- ▶ Addressed various information technology issues and problems raised by the casino industry such as back-up and purge procedures, co-sourcing of system maintenance and software upgrade procedures;
- ▶ Participated in the industry's request for regulatory review, which resulted in several regulatory amendments with a major focus on providing more efficient table game operations;
- ▶ Addressed various customer service and marketing issues intended to provide patrons with an enhanced gaming experience, including new jackpot payout options and an expansion of the use of electronic slot credits for marketing purposes;
- ▶ The Inspection Unit accepted 347 formal complaints from gaming patrons and reported a total of 1,364 incidents that were resolved by casino management;
- ▶ Principal Inspectors approved approximately 950 gaming-related submissions and petitions during the year, including more than 350 amended Certificates of Operation; and
- ▶ There were more than 101,000 Activity Reports generated by inspectors, which documented activities involving casino personnel, the public and the Division of Gaming Enforcement.

## Division of Compliance

The Division of Compliance was also involved in facilitating numerous noteworthy events at casinos during the year:

▶ Tropicana continued to operate under the observation of a conservator, who was appointed by the Commission on December 13, 2007. Compliance staff maintained a significant on-site presence; closely monitoring IT procedures, surveillance procedures, and cage procedures as well as the staffing levels in key departments to ensure the casino continued to operate in compliance with all statutory and regulatory requirements. Negotiations between the conservator and a buyer for the sale of Tropicana were completed in early 2010.

▶ Tropicana discontinued its simulcast operations and made several changes to its gaming pit layouts, bringing the number of table games up to 170, a five year high. Certain other floor plan changes resulted in the removal of 56 slot machines, leaving 3,158 slot machines on the casino floor.

▶ At Trump Plaza, the East Tower area was officially decommissioned as casino floor space in March. This brought Trump Plaza's casino space down to 86,923 square feet.

In the summer months, Trump Plaza's Beach Bar continued to attract large crowds and supplied entertainment to boardwalk patrons.

In September, the hard count room completed its final shift as Trump Plaza's slot machines went completely coinless.

▶ Trump Marina tested three new table games and one new wager during the year. The game of Mississippi Stud was introduced in April, followed by Mini Tex 3 Card Hold'em in July and Automated (Total) Craps in August. In October, Trump Marina began offering the Dragon 7 no vigorish variation of minibaccarat.

▶ At Trump Taj Mahal, Columbia Pictures filmed scenes for the motion picture *The Bounty Hunter* starring Jennifer Aniston and Gerard Butler. Filming took place on the casino floor, in the hotel and on the Boardwalk.

"ACES," an outside company that provides table game mentoring to the public, began operations on the casino floor.

Rings of Fire Productions began filming on the casino floor for a Bollywood movie.

In October, the park area in front of Taj Mahal was dedicated to the memory of Ray Kot, a casino manager who was killed while on duty at the Taj Mahal in May. In an effort to educate both casino/hotel staff and Commission employees in how to best respond to hostile situations, violence awareness training was held over a period of several months.

▶ Harrah's Resort installed two state-of-the-art BPS counting machines in its count room to count and verify the money removed from the table game drop boxes and slot machine cash boxes.

Harrah's introduced several new Microsoft iConnect tables, which provide interactive entertainment options to patrons in the Xhibition bar. These tables include a large horizontal touch screen monitor that can be used to play games, order cocktails and learn about attractions at Harrah's properties.

As an extension to The Pool, a popular glass-domed swimming pool and night club, Harrah's unveiled The Loft, an elevated area above the pool that can be reserved for private parties.

Harrah's, along with Caesars Atlantic City, hosted regional "World Series of Poker" tournament events.

▶ In June, Caesars opened a new high-end nightclub, Dusk, along with a new gaming table pit on the second level of the casino. Parties at Dusk are regularly hosted by celebrity guest DJ's and TV reality show stars.

Caesars also expanded its entertainment offerings in the Toga Bar on the first level of the casino. On Saturday nights, dancers adorn the bar and dance music is played by DJ's.

In time for Christmas, Caesars renovated and increased patron comfort in its high roller slot area. The grand opening included a weekend of harp and violin music along with catered food service.

▶ At the beginning of the summer season, both Caesars and Bally's Atlantic City confronted labor unrest in the form of rallies and threats of worker walk-outs. The casinos received approval for reduced staffing plans in the event of walkouts.

▶ Bally's reduced its total number of slot machines by 295 and, as of March 31, permanently discontinued the game of Keno.

Bally's continued to offer trendy entertainment in a portion of the casino floor known as "The Ridge." In November, Bally's received approval to offer entertainment at the Mountain Bar in the Wild Wild West Casino. "The Vixens" dancers and a character known as "Shorty the Sheriff" performed on weekends.

In June, Bally's received approval to begin testing a modified table inventory container with a well that can hold a large number of reserve chips. This modified container reduces operating costs by limiting the number of gaming chip fills and credits that are normally performed.

In July, Bally's opened an on-site regional testing facility to evaluate the compatibility of new slot machines and other

## Division of Compliance

computer equipment. New table game options were introduced including the Craps Fire Bet, an alternate dealing procedure for doubling down at Blackjack, and an insurance wager at Pai Gow Poker.

- ▶ Showboat implemented generic “Reel Rewards” coupons for its bus patrons. The coupons are playable in slot machines by Total Rewards customers.

Showboat completed its conversion to 100% coinless slot machines. In the process, the total number of slot machines was reduced by 390 and several table game pits were reconfigured.

- ▶ In September, Borgata hosted the “Borgata Poker Open,” part of the televised World Poker Tour, with a prize pool of over \$3 million. Borgata temporarily expanded its Simulcast facility in November to accommodate a two-day event for the Breeders Cup World Championships.

- ▶ Resorts hosted a live casino test of a unique new Roulette-themed multi-player slot system and Atlantic City Hilton reopened its popular Beach Bar for the summer season.



## Division of Financial Evaluation

The Division of Financial Evaluation consists of three units: the Financial Evaluation Unit, the Revenue Unit, and the Audit Unit. The Financial Evaluation Unit provides expert advice and consultation to the Commissioners on all matters of a financial or economic nature. The Revenue Unit collects all taxes and fees required by the Casino Control Act, and the Audit Unit certifies gross revenue and ensures the sufficiency of other tax payments to the Casino Revenue Fund.

► Working as a team, the three units in the Division of Financial Evaluation provided oversight to more than \$450 million in casino-related remittances that are made to the State of New Jersey, consisting of the following:

✦ \$329.3 million in Gross Revenue Tax and \$18.2 million in casino-related fees (Parking Fee, Complimentary Tax, Casino Room Fee and Multi-Casino Progressive Slot Tax) that were used to fund programs that benefit the aged and disabled residents of the state.

✦ \$37.6 million in casino-related taxes that were forwarded to the Casino Reinvestment Development Authority to assist in the further redevelopment of Atlantic City and the State of New Jersey.

✦ \$68.0 million in licensing fees from casino operators, casino employees, and casino service enterprises which were deposited to the Casino Control Fund.

✦ \$3.0 million in unclaimed casino gaming vouchers that were deposited to the Casino Revenue Fund to provide additional funding for programs benefiting the senior and disabled residents of the state.

✦ \$465,289 in Commission imposed fines deposited to the General Fund to provide funding for the Council on Compulsive Gambling.

► On an ongoing basis, the Financial Division compiles the promotional gaming credit statistics, issues reports to the industry regarding gross revenue tax deductions, and audits the promotional gaming credit information. From inception through May 2010, \$566 million in promotional gaming credits have been wagered in the industry's slot machines.

► Worked with the General Counsel's Office on the drafting and ultimate adoption of regulations that addressed legislative changes to the Casino Control Act (Senate Bill S-2519). This bill established a one year expiration for gaming-related obligations owed to patrons with a portion of the amount payable to the Casino Revenue Fund. By regulation, the Commission defined such obligations to include unclaimed gaming vouchers and keno tickets;

► Utilized audit software on various casino system reports to calculate the amount of unclaimed gaming vouchers that occurred more than one year prior to the effective date of the above noted legislation. Collected \$3 million that was deposited into the Casino Revenue Fund as a credit towards the obligation that will be collected in 2010;

► Established protocols for the filing of documentation to support gross revenue deductions for unverified gaming vouchers;

► Monitored over 250 internal control submission changes that impacted gross revenue reporting and the Commission's audit program;



## Division of Financial Evaluation



- ▶ Reviewed 44 notices of document destruction and provided expert guidance to the industry on record retention issues;
- ▶ Completed the required agency annual internal control review resulting in a clean audit report to OMB;
- ▶ Continued to monitor post-close financial reporting issues for Pinnacle Entertainment;
- ▶ Prepared full financial stability reviews for five material debt transactions undertaken by Harrah's Entertainment, Inc. during 2009;
- ▶ Monitored the ongoing financial stability of Resorts and evaluated the impact of the deed in lieu of foreclosure transaction that closed in late-2009;
- ▶ Monitored the financial situation at AC Hilton due to its debt default as well as Trump Entertainment due to its bankruptcy filing;
- ▶ Evaluated Tropicana's acquisition by a reorganized Tropicana Entertainment, including the financial impact of \$150 million in new loans;
- ▶ Increased auditing efforts related to the Parking Fee, Hotel Room Fee, and Multi-Casino Progressive Slot Tax;
- ▶ Reviewed financial filings for regulatory compliance, maintained statistics in a database, and posted historical statistics to the Commission's web site;
- ▶ Compiled the statistics for the monthly and quarterly press releases that highlight casino win, gross revenue taxes, profitability, and hotel room information;
- ▶ Provided casino win and profitability analysis to the Commissioners, focusing on relevant trends and the financial outlook for casino licensees and their parent companies;
- ▶ Devised 5-year casino tax and fee forecasts for the Department of Treasury for inclusion in the state budget;
- ▶ Maintained the financial pages of the Commission's web site and posted monthly and quarterly financial reports to same;
- ▶ Compiled cost data and issued invoices to the industry to fully recover the \$68.0 million expenditures incurred by the Commission and Division in the performance of their regulatory functions. This ensured that the cost of the state's regulation of casinos did not encumber general state tax revenues, being paid entirely by the casino industry itself; and
- ▶ Maintained accounting records for the Casino Control Fund, the operating account for both the Commission and Division. Records were maintained in accordance with generally accepted accounting principles and formed the basis for the preparation of comprehensive financial statements. These statements, accompanied by an independent auditor's report, are included at the end of this annual report.

## Division of Licensing

The Division of Licensing, which consists of four operating units, manages all aspects of casino employee and business enterprise licensing and casino hotel alcoholic beverage licensing.

The Employee License Unit is responsible for the licensing and registration of casino employees.

The Enterprise License Unit oversees the licensing of gaming and non-gaming related casino service industries and junket enterprises and the registration of vendors and labor organizations.

The Support Services Unit provides application support services to Division of Licensing staff and is the main repository for all active license application files processed by the Division of Licensing.

The Director's Office administers the division's daily operations and all aspects of casino hotel alcoholic beverage licensing.

## The Division of Licensing Year in Review:

- ▶ Processed more than 8,000 Employee initial, temporary and renewal applications, licenses and registrations.
- ▶ Issued approximately 6,000 Employee license credentials.
- ▶ Accepted over \$900,000 for Employee initial, renewal and miscellaneous fees.
- ▶ Handled over 3,000 revisions to Atlantic City casino licensee's jobs compendia, job descriptions and/or tables of organization structure.
- ▶ Processed 223 applications for the Self-exclusion list, bringing the total number of Self-exclusion applications to 1,213.
- ▶ Implemented the revision to the Casino Control Act which initially resulted in the inactivation of almost 17,000 Casino Service Employee (CSE) registrations and continues twice monthly (the Sunset provision). This change reduces the number of individuals which must be continually monitored by the Division of Gaming Enforcement causing a savings in labor.
- ▶ In the second half of 2009, the Enterprise License Unit successfully put into production a redesigned enterprise registration and licensing database and converted the data from our legacy system into this new database. This new system provides sophisticated tools for monitoring and tracking enterprises conducting business with casino licensees and applicants. Additionally, it allows for the immediate exchange of registration and licensing information between the Industry, the Commission and the Division of Gaming Enforcement.
- ▶ On April 8, 2009, the Casino Control Act was amended to allow the Commission to grant exemptions from licensure as a Non Gaming Related Casino Service Industry to publicly traded corporation whose business with the casino industry did not exceed 1/10th of 1% of the total revenues received by the company or its holding or intermediate company. Administrative rules were adopted to codify this new process. This amendment will significantly give relief to large publicly traded companies doing business with the casino industry.
- ▶ As a result of the Commission's continuing efforts to review its regulatory requirements, amendments to N.J.A.C. 19:51-1.2A(e) were adopted that increased the regular and continuing dollar threshold from \$150,000 to \$300,000 with one casino in any twelve-month period and from \$300,000 to \$650,000 with multiple casinos. This change will reduce the number of vendors required to file for a Casino Service Industry license, thus, allowing the Commission to better focus its licensure process on vendors which do substantial business with the casino industry.
- ▶ Authorized and monitored the service of alcoholic beverages in 11 casino licensees and 34 casino service industry alcoholic beverage licensees including the Beach Bar operations.

## Affirmative Action Officer



The role of the Affirmative Action Officer is to ensure that the Commission adheres to all Federal and State laws and equal employment opportunity and affirmative action policies for the protection of all employees at the commission. Equal Employment Orientation sessions are provided to all new employees to make them aware of the State and Commission policies and procedures. All employees are also required to undertake sexual harassment training and pass a test on this important subject as part of this orientation.

### *The Affirmative Action Officer's Year in Review:*

Monitored and conducted Equal Employment Opportunity Exit Interview of 13 staff of whom 2 (15%) were minorities and 5 (38%) were females who terminated their employment with the Commission during the year. Requested to review the State's on-line EEO training module and assumed the duties as back-up Commission's administrator for the State's new Learning Management System (LMS) on-line train-

**Commission Statistics**



24	New Jersey Casino Industry Facility Statistics
25	New Jersey Casino Industry Financial Statistics
27	New Jersey Casino Industry Employment Statistics
30	New Jersey Casino Industry Employment and Salaries and Wages
31	New Jersey Casino Industry Enterprise Registration and Licensing Statistics
34	New Jersey Casino Control Commission Employees and Budget Appropriations
35	Casino Revenue Fund
36	Independent Auditor's Report

**THE NEW JERSEY CASINO INDUSTRY  
FACILITY STATISTICS  
AT DECEMBER 31, 2009 AND 2008**

	AC HILTON		BALLY'S AC		BORGATA		CAESARS		HARRAH'S		RESORTS		SHOWBOAT		TROPICANA		TRUMP MARINA		TRUMP PLAZA		TRUMP TAJ MAHAL		INDUSTRY TOTALS	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>TABLE GAMES:</b>																								
Blackjack	42	40	67	68	83	87	58	50	53	53	34	35	46	44	62	70	29	35	30	36	62	59	566	577
Craps	6	6	10	9	14	14	13	13	6	6	5	5	5	5	8	8	6	6	4	5	12	12	89	89
Roulette	7	6	21	21	21	21	16	15	12	12	9	10	9	9	17	17	6	6	8	9	14	14	140	140
Big Six	1	1	2	2	1	1	1	1	1	1	1	1	1	1	2	1	-	-	-	-	1	1	11	10
Baccarat	-	1	1	2	2	2	1	1	-	-	1	2	-	-	1	1	1	1	-	-	1	1	8	11
Minibaccarat	17	16	19	16	8	8	12	12	6	5	17	12	8	9	12	9	7	6	9	10	10	11	125	114
Sic Bo	1	1	1	1	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	1	1	4	4
Pai Gow Poker	4	4	8	9	6	6	6	6	3	2	1	1	3	2	4	4	2	2	2	2	5	5	44	43
Pai Gow	5	4	3	3	2	2	5	5	1	1	2	2	2	2	3	3	2	2	2	2	3	3	30	29
Poker	4	4	26	27	85	85	24	24	40	40	2	5	28	28	35	35	-	-	-	14	70	70	314	332
Caribbean Stud Poker	1	1	2	2	4	3	2	2	1	1	-	-	1	1	1	1	1	1	-	-	2	2	15	14
Let It Ride Poker	3	3	4	4	5	5	3	3	4	4	2	2	3	3	3	3	2	2	2	2	3	3	34	34
Spanish 21	2	3	7	7	5	5	6	7	1	2	3	3	1	1	5	5	3	3	3	3	4	4	40	43
Three Card Poker	8	8	15	15	16	16	10	11	10	11	5	6	7	8	11	10	5	5	6	8	8	9	101	107
Four Card Poker	1	1	6	6	4	5	3	4	2	2	-	1	1	1	2	2	1	1	2	2	2	2	24	27
Double Attack Blackjack	-	1	-	-	-	-	1	1	1	2	-	-	1	1	1	1	-	-	-	-	1	1	5	7
Texas Hold'Em Bonus Poker	-	1	4	6	4	5	3	4	1	1	1	1	1	2	3	3	1	1	2	2	2	2	22	28
Flop Poker	1	-	-	-	4	-	-	-	3	2	1	-	2	2	-	-	1	-	-	-	-	-	12	4
Asia Poker	-	1	2	2	3	2	2	2	-	-	-	1	-	-	-	-	-	-	1	-	-	-	9	8
Ultimate Texas Hold'Em	-	-	1	1	-	-	1	-	-	-	-	-	-	-	-	-	2	1	-	-	-	-	4	2
Winner's Pot Poker	-	-	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1
Mississippi Stud (a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	0
Mini-Tex 3 Card Hold'Em (b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	0
Supreme Pai Gow (c)	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	0
<b>Total Table Games</b>	<b>103</b>	<b>102</b>	<b>202</b>	<b>202</b>	<b>267</b>	<b>267</b>	<b>168</b>	<b>162</b>	<b>145</b>	<b>145</b>	<b>84</b>	<b>87</b>	<b>119</b>	<b>119</b>	<b>170</b>	<b>173</b>	<b>71</b>	<b>72</b>	<b>71</b>	<b>95</b>	<b>202</b>	<b>200</b>	<b>1,602</b>	<b>1,624</b>
<b>KENO WINDOWS</b>																								
	-	-	-	4	-	-	3	3	4	4	-	-	-	-	-	-	-	-	-	-	2	2	9	13
<b>SLOT MACHINES:</b>																								
\$ .01 and .02 Slot Machines	713	621	856	991	1,137	927	902	814	335	347	598	607	532	475	776	749	560	540	558	567	1,030	946	7,997	7,584
\$ .05 Slot Machines	121	171	611	792	797	1,032	301	395	468	516	188	260	165	200	271	386	264	361	170	308	243	362	3,599	4,783
\$ .25 Slot Machines	713	760	1,085	1,733	641	723	595	753	713	781	425	555	309	366	325	560	404	487	515	582	679	801	6,404	8,101
\$ .50 Slot Machines	74	74	128	162	121	121	105	128	30	27	47	69	3	24	38	39	50	51	79	108	37	54	712	857
\$1 Slot Machines	260	287	386	458	260	282	337	330	314	311	179	199	160	165	236	259	233	271	203	246	370	402	2,938	3,210
\$5 Slot Machines	69	66	102	102	89	89	73	97	73	78	52	62	29	35	55	55	48	50	55	55	78	89	723	778
\$25 Slot Machines	6	13	20	21	20	20	16	15	16	16	10	10	3	3	15	15	10	10	13	13	15	15	144	151
\$100 Slot Machines	6	12	13	13	12	12	13	18	10	10	10	10	3	3	12	12	5	5	6	5	23	19	113	119
Multi-Denominational Slot Machines	266	266	426	472	795	672	425	433	1,161	1,329	827	773	1,636	1,908	1,383	1,503	225	185	142	161	488	438	7,774	8,140
Other Slot Machines	28	25	34	40	53	53	49	58	26	24	20	20	5	5	47	48	16	23	67	69	33	35	378	400
<b>Total Slot Machines</b>	<b>2,256</b>	<b>2,295</b>	<b>3,661</b>	<b>4,784</b>	<b>3,925</b>	<b>3,931</b>	<b>2,816</b>	<b>3,041</b>	<b>3,146</b>	<b>3,439</b>	<b>2,356</b>	<b>2,565</b>	<b>2,845</b>	<b>3,184</b>	<b>3,158</b>	<b>3,626</b>	<b>1,815</b>	<b>1,983</b>	<b>1,808</b>	<b>2,114</b>	<b>2,996</b>	<b>3,161</b>	<b>30,782</b>	<b>34,123</b>
Casino Square Footage	75,416	75,374	147,381	147,180	136,667	136,667	111,453	114,600	172,655	173,224	99,029	99,029	123,378	124,723	135,795	135,795	78,535	78,535	86,923	95,306	149,445	154,838	1,316,677	1,335,271
Simulcast Square Footage	-	-	35,002	35,002	23,620	23,620	30,081	30,374	569	569	-	-	17,086	17,086	6,954	6,954	-	-	-	-	12,483	12,483	125,795	126,088
Number Of Hotel Rooms	809	809	1,751	1,752	2,769	2,769	1,141	1,139	2,590	2,590	942	942	1,331	1,331	2,129	2,129	728	728	906	906	2,010	1,965	17,106	17,060
Number of Parking Spaces	1,432	1,382	3,984	3,984	6,450	6,450	5,324	5,324	4,703	4,571	1,337	1,337	3,499	3,499	4,975	5,296	2,986	2,986	2,618	2,618	5,616	5,616	42,924	43,063
Property & Equipment, Gross (\$ Millions) (d)	\$ 390.1	\$ 386.3	\$ 832.0	\$ 829.4	\$ 1,771.7	\$ 1,761.2	\$ 852.8	\$ 851.1	\$ 1,448.3	\$ 1,437.9	\$ 2.3	\$ 342.5	\$ 666.4	\$ 665.7	\$ 694.0	\$ 692.7	\$ 25.6	\$ 227.3	\$ 32.8	\$ 433.2	\$ 1,230.7	\$ 1,224.5	\$ 7,946.7	\$ 8,851.8
Number of Employees	2,063	2,261	4,399	4,759	6,603	6,840	3,375	3,645	3,910	4,001	2,164	2,422	2,539	2,710	3,241	3,517	1,799	1,928	2,187	2,406	4,097	4,096	36,377	38,585

(a) Mississippi Stud commenced operations in April 2009.

(b) Mini-Tex 3 Card Hold'Em commenced operations in July 2009.

(c) Supreme Pai Gow commenced operations in November 2009.

(d) Represents property and equipment before accumulated depreciation. Trump Marina and Plaza reflect asset revaluations performed in 2009. Resorts' property and equipment primarily represents gaming equipment due to December 2009 reorganization and revaluation of assets.



**THE NEW JERSEY CASINO INDUSTRY**  
**GROSS REVENUE STATISTICS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(\$ IN THOUSANDS)

<u>Casino Hotel</u>	<u>Casino Win</u>	<u>Daily Average Casino Win</u>	<u>Adjustments</u>	<u>Promotional Gaming Credits</u>	<u>Taxable Gross Revenue</u>	<u>Gross Revenue Tax</u>	<u>Market Share of Casino Win</u>
<i>AC Hilton</i>							
2009	\$ 192,012	\$ 526	\$ (12)	\$ 14,569	\$ 177,455	\$ 14,196	4.9%
2008	\$ 249,123	\$ 681	10	\$ 2,625	\$ 246,488	\$ 19,719	5.5%
<i>Bally's Atlantic City</i>							
2009	474,346	1,300	-	32,042	442,304	35,384	12.0%
2008	568,070	1,552	-	5,523	562,547	45,004	12.5%
<i>Borgata</i>							
2009	695,331	1,905	(1)	39,847	655,484	52,439	17.6%
2008	738,779	2,019	-	6,466	732,313	58,585	16.2%
<i>Caesars</i>							
2009	460,209	1,261	(35)	30,005	430,239	34,419	11.7%
2008	543,769	1,486	(85)	5,023	538,831	43,106	12.0%
<i>Harrah's Marina</i>							
2009	488,479	1,338	-	28,632	459,847	36,788	12.4%
2008	544,725	1,488	(17)	4,473	540,269	43,221	12.0%
<i>Resorts</i>							
2009	191,676	525	119	13,492	178,065	14,245	4.9%
2008	233,216	637	17	2,400	230,799	18,464	5.1%
<i>Showboat</i>							
2009	316,675	868	(1)	20,399	296,277	23,702	8.0%
2008	362,230	990	(28)	3,508	358,750	28,700	8.0%
<i>Tropicana</i>							
2009	313,598	859	-	20,149	293,449	23,476	8.0%
2008	356,712	975	-	3,476	353,236	28,259	7.8%
<i>Trump Marina</i>							
2009	162,600	445	(4)	11,750	150,854	12,068	4.1%
2008	203,643	556	(5)	2,083	201,565	16,125	4.5%
<i>Trump Plaza</i>							
2009	202,271	554	(10)	14,453	187,828	15,026	5.1%
2008	262,286	717	(52)	2,415	259,923	20,794	5.8%
<i>Trump Taj Mahal</i>							
2009	445,974	1,222	(9)	26,427	419,556	33,564	11.3%
2008	482,408	1,318	(106)	4,381	478,133	38,251	10.6%
<b>TOTALS</b>							
2009	\$ 3,943,171	\$ 10,803	\$ 47	\$ 251,765	\$ 3,691,358	\$ 295,309	100.0%
2008	\$ 4,544,961	\$ 12,418	\$ (266)	\$ 42,373	\$ 4,502,854	\$ 360,228	100.0%



**THE NEW JERSEY CASINO INDUSTRY**  
**TOTAL GAMING WIN**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(\$ IN THOUSANDS)

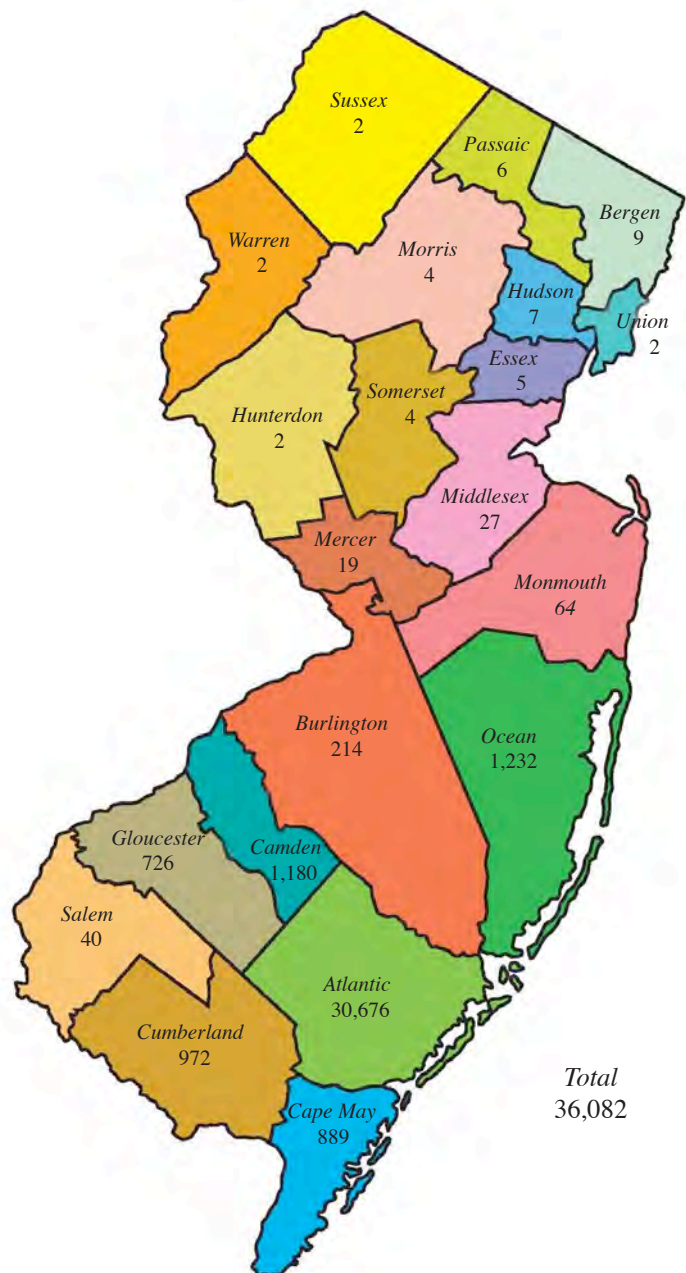
	2009	2008	Growth (Decline)	
			\$	%
<i>Table &amp; Other Games</i>				
Blackjack	\$ 395,016	\$ 461,923	(66,907)	(14.5)
Craps	151,366	183,575	(32,209)	(17.5)
Roulette	146,892	156,711	(9,819)	(6.3)
Baccarat	11,018	22,208	(11,190)	(50.4)
Poker	78,158	82,368	(4,210)	(5.1)
Other Games (a)	438,947	505,675	(66,728)	(13.2)
Subtotal	1,221,397	1,412,460	(191,063)	(13.5)
Simulcasting	7,219	7,951	(732)	(9.2)
Total Table & Other Games	1,228,616	1,420,411	(191,795)	(13.5)
<i>Slot Machines</i>				
.01 and .02 Slot Machines	746,831	713,640	33,191	4.7
.05 Slot Machines	329,324	450,015	(120,691)	(26.8)
.25 Slot Machines	431,825	561,284	(129,459)	(23.1)
.50 Slot Machines	48,218	66,635	(18,417)	(27.6)
1.00 Slot Machines	309,338	384,557	(75,219)	(19.6)
5.00 Slot Machines	104,647	127,343	(22,696)	(17.8)
Multi-Denominational Machines	660,888	714,032	(53,144)	(7.4)
Other Slot Machines	90,703	114,995	(24,292)	(21.1)
Total Slot Machines	2,721,774	3,132,501	(410,727)	(13.1)
<i>Grand Total</i>	<u>\$3,950,390</u>	<u>\$4,552,912</u>	<u>(602,522)</u>	(13.2)

(a) Other games reflect Big Six, Minibaccarat, Sic Bo, Pai Gow Poker, Pai Gow, Keno, Caribbean Stud Poker, Let It Ride Poker, Spanish 21, Three Card Poker, Four Card Poker, Double Attack Blackjack, Texas Hold'Em Bonus Poker, Flop Poker, Ultimate Texas Hold'Em, Asia Poker, Winner's Pot Poker, Mississippi Stud, Mini-Tex 3 Card Hold'Em, Supreme Pai Gow and 1 Bet Threat Texas Hold'Em.

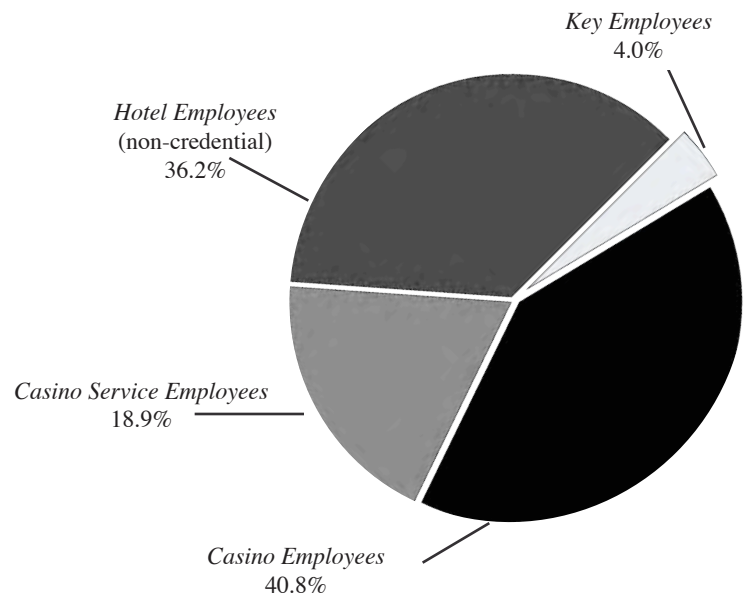
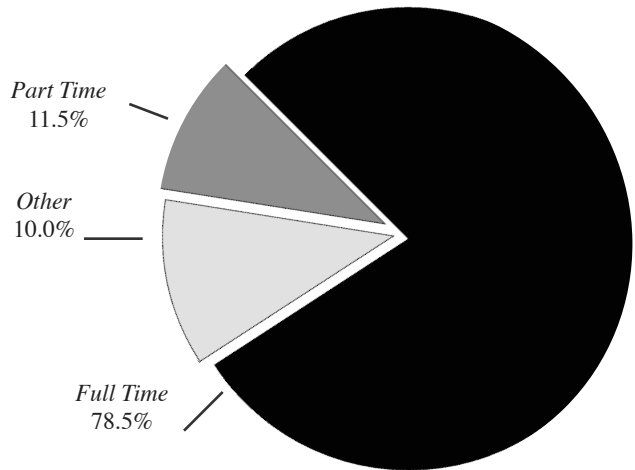
**EMPLOYMENT BY ATLANTIC CITY  
CASINO LICENSEES BY COUNTY**  
FOR THE YEAR ENDED DECEMBER 31, 2009

Approximately 295  
casino hotel employees  
are not represented in  
these figures. There are  
several reasons why  
this may occur, they  
are:

Information is  
missing from the  
employment data that  
is transmitted to the  
Commission by the  
casino industry;  
or the employment data  
contains errors or,  
the person has a zip  
code that is not found  
in New Jersey.



**NEW JERSEY CASINO INDUSTRY BY  
TYPE OF EMPLOYMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2009



## EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED

FOR THE YEAR ENDED DECEMBER 31, 2009

### Casino Key Employees:

Initial Applications Filed	55
Initial Licenses Issued	95
Renewal Applications Filed	182
Renewal Licenses Issued	296
Temporary Licenses Issued	50

### Casino Employees:

Applications Filed	877
Licenses Issued	981
Renewal Applications Filed	1,581
Renewal Licenses Issued	2,332
Temporary Licenses Issued	381

### Casino Service Employees:

Applications Filed	588
Registrations Issued	588

### Total Employees:

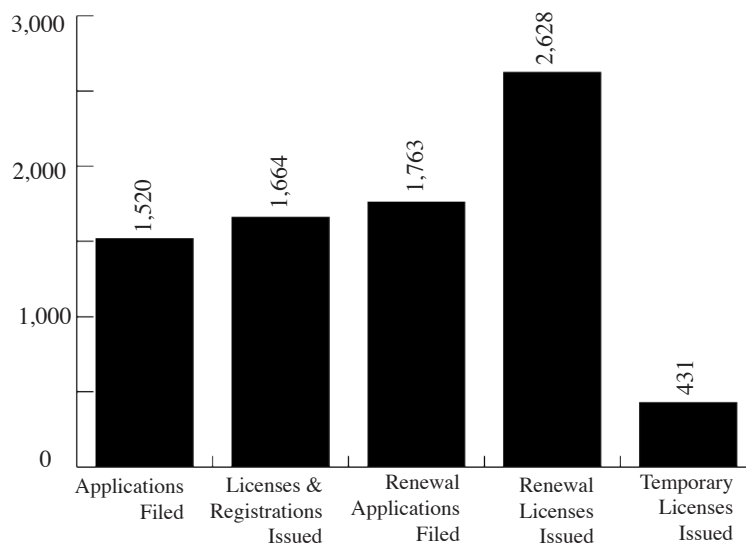
Applications Filed	1,520
Licenses & Registrations Issued	1,664
Renewal Applications Filed	1,763
Renewal Licenses Issued	2,628
Temporary Licenses Issued	431

### GRAND TOTAL

8,006

## TOTAL EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED

FOR THE YEAR ENDED DECEMBER 31, 2009



Total Transactions 8,006

## NEW JERSEY CASINO INDUSTRY EMPLOYMENT STATISTICS

FOR THE FOUR YEARS ENDED DECEMBER 31, 2009

	2009	2008	2007	2006
AC Hilton	2,050	2,261	2,656	2,886
Bally's Atlantic City	4,360	4,759	5,388	5,654
Borgata	6,507	6,840	6,950	7,071
Caesars	3,353	3,645	4,032	4,182
Harrah's Marina	3,886	4,001	3,754	3,355
Resorts	2,141	2,422	2,742	2,855
Showboat	2,513	2,710	2,993	2,849
Tropicana	3,229	3,517	3,485	4,507
Trump Marina	1,794	1,928	2,152	2,186
Trump Plaza	2,180	2,406	2,467	2,621
Trump Taj Mahal	4,069	4,096	4,169	4,290
<b>TOTALS</b>	<b>36,082</b>	<b>38,585</b>	<b>40,788</b>	<b>42,456</b>

## NEW JERSEY CASINO INDUSTRY SALARIES AND WAGES

FOR THE FOUR YEARS ENDED DECEMBER 31, 2009 (\$ IN THOUSANDS)

	2009	2008	2007	2006
AC Hilton	\$ 61,800	\$ 70,098	\$ 75,121	\$ 76,178
Bally's Atlantic City	116,720	134,747	150,911	155,798
Borgata	154,987	164,673	153,238	144,573
Caesars	92,564	105,485	112,675	105,107
Harrah's Marina	91,604	99,318	92,267	84,116
Resorts	56,681	62,596	66,426	67,548
Sands <sup>(a)</sup>	n/a	n/a	n/a	53,233
Showboat	65,638	75,524	77,462	76,315
Tropicana	77,804	82,777	83,958	100,394
Trump Marina	54,060	59,732	62,021	63,826
Trump Plaza	66,988	73,779	72,818	77,017
Trump Taj Mahal	110,043	109,450	112,283	118,019
<b>TOTALS</b>	<b>\$ 948,889</b>	<b>\$ 1,038,179</b>	<b>\$ 1,059,180</b>	<b>\$ 1,122,124</b>

<sup>(a)</sup> Sands ceased operations on November 10, 2006.

**TOTAL VOLUME OF BUSINESS - CASINO SERVICE INDUSTRY  
CALENDAR YEAR 2009**

	<b>Total Companies</b>	<b>Percent of Total Companies</b>	<b>Dollar Volume of Business*</b>	<b>Percent of Total Business</b>
<b><i>Total Number of Vendors Receiving Payments</i></b>	<b>5,178</b>	<b>100.00%</b>	<b>\$2,972,446,129 **</b>	<b>100.00%</b>
New Jersey Enterprises	1,967	37.99%	\$1,204,278,553	40.51%
Pennsylvania Enterprises	538	10.39%	\$255,173,447	8.58%
New York Enterprises	607	11.72%	\$260,245,024	8.76%
Delaware Enterprises	16	0.31%	\$36,276,671	1.22%
All Other States	1,982	38.28%	\$1,210,813,195	40.73%
Foreign Enterprises	68	1.31%	\$5,659,239	0.19%

\* "Dollar Volume of Business" represents only those monies paid by casino licensees for goods or services. This figure does not include such payments as governmental taxes, fines and fees to the Casino Control Commission, charitable contributions, guest losses or court garnishments.

\*\* This dollar figure includes disbursements to subcontractors made pursuant to N.J.A.C. 19:43-10.6(a)5.

Numbers reflect the states in which the offices serving hotel/casinos are located and may not be the states in which the enterprises are incorporated or have a home office.



**TOTAL VOLUME OF BUSINESS - NEW JERSEY COMPANIES**  
**CALENDAR YEAR 2009**

	Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
<b><i>New Jersey Enterprises</i></b>	<b><i>1,967</i></b>	<b><i>100.00%</i></b>	<b><i>\$1,204,278,553</i></b>	<b><i>100.0000%</i></b>
Atlantic	965	49.06%	\$733,542,866	60.9114%
Bergen	82	4.17%	\$47,407,826	3.9366%
Burlington	123	6.25%	\$60,723,683	5.0423%
Camden	172	8.74%	\$29,056,044	2.4127%
Cape May	58	2.95%	\$4,196,773	0.3485%
Cumberland	52	2.64%	\$43,476,353	3.6102%
Essex	46	2.34%	\$81,461,301	6.7643%
Gloucester	68	3.46%	\$70,682,725	5.8693%
Hudson	32	1.63%	\$5,639,620	0.4683%
Hunterdon	3	0.15%	\$836,626	0.0695%
Mercer	46	2.34%	\$34,761,627	2.8865%
Middlesex	54	2.75%	\$37,339,267	3.1006%
Monmouth	78	3.97%	\$9,420,055	0.7822%
Morris	37	1.88%	\$2,634,912	0.2188%
Ocean	48	2.44%	\$7,316,599	0.6076%
Passaic	29	1.47%	\$1,369,474	0.1137%

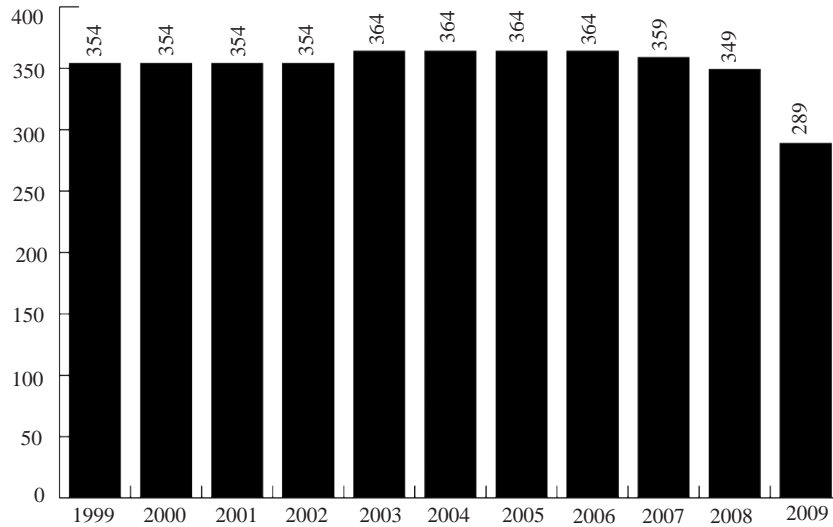
**NEW JERSEY CASINO INDUSTRY ENTERPRISE REGISTRATION AND  
LICENSING STATISTICS** *FOR THE PERIOD OF JANUARY 1, 2009 THROUGH DECEMBER 31, 2009*

<u>Registration and Licensing Processing Statistics</u>		<u>Registration and Licensing Status Totals</u>	
Vendor Registrations Processed	1,798	Universe of Active Vendors	9,401
Enterprises Prohibited from Conducting Business with Casino Licensees	36*	Universe of Prohibited Vendors	560 *
Exemptions From Licensure Granted By CCC	3	Labor Organizations Currently Registered	8

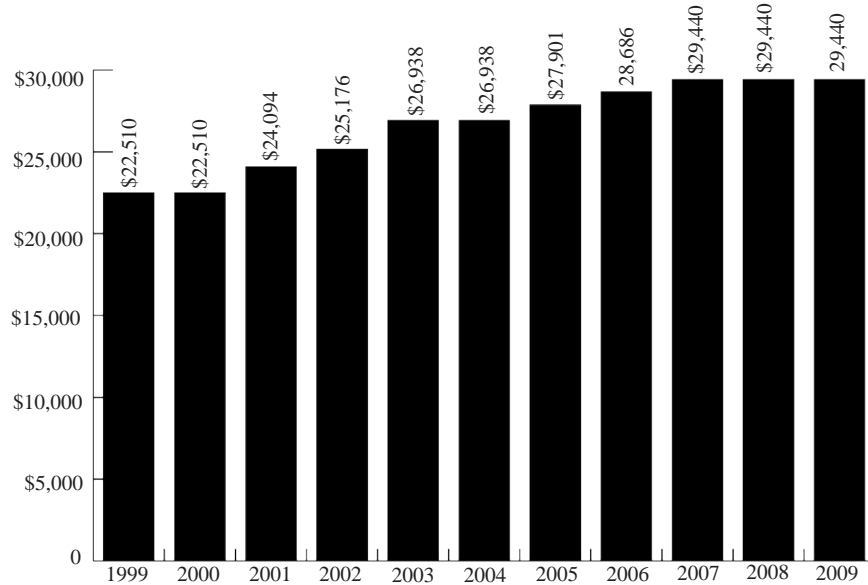
<i>Initial</i>		<i>Renewal</i>		<i>Licensed</i>	
<i>Casino Service Industry Licenses</i>		<i>Casino Service Industry Licenses</i>		<i>Casino Service Industry Enterprises</i>	
<b>Gaming Related:</b>		<b>Gaming Related:</b>		<b>Initial Licensees:</b>	
Applications Filed	1	Applications Filed	15	Gaming	14
Licenses Issued	7	Licenses Issued	9	Nongaming	407
Licenses Denied	0	Licenses Denied	0	Junket	14
Withdrawals Granted	0	Withdrawals Granted	1		
<b>Non-Gaming Related:</b>		<b>Non-Gaming Related:</b>		<b>Renewal Licensees:</b>	
Applications Filed	59	Applications Filed	86	Gaming	39
Licenses Issued	89	Licenses Issued	85	Nongaming	536
Licenses Denied	3	Licenses Denied	2	Junket	29
Withdrawals Granted	19	Withdrawals Granted	3		
<b>Junket Enterprises:</b>		<b>Junket Enterprises:</b>			
Applications Filed	0	Applications Filed	3		
Licenses Issued	2	Licenses Issued	8		
Licenses Denied	0	Licenses Denied	0		
Withdrawals Granted	0	Withdrawals Granted	2		

\* This figure includes enterprises prohibited for the following reasons: denial of a casino service industry license, failure to file a casino service industry license application, withdrawal of a casino service industry license, and non-filing of a required vendor registration form.

NEW JERSEY CASINO CONTROL COMMISSION NUMBER OF AUTHORIZED  
EMPLOYEE POSITIONS *FOR THE FISCAL YEARS ENDED JUNE 30*



NEW JERSEY CASINO CONTROL COMMISSION BUDGET APPROPRIATIONS  
*FOR THE FISCAL YEARS ENDED JUNE 30*





## CASINO REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

New Jersey casinos pay the state 8% tax on their gross revenues appropriated to the Casino Revenue Fund for the benefit of the aged and disabled citizens of the State of New Jersey. Gross gaming revenue is the amount casinos win from gamblers after all payouts have been made.

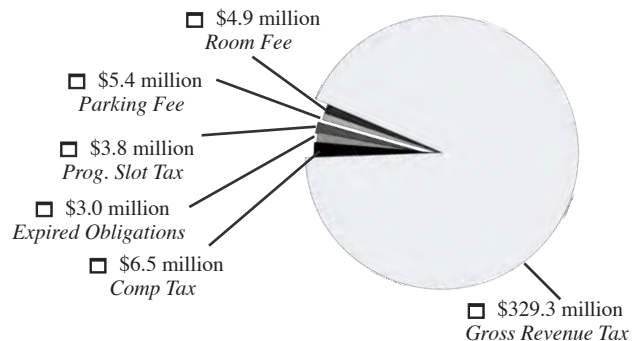
The Casino Control Commission collects a variety of different taxes from casinos and deposits the money in the Casino Revenue Fund. Funding is generated through five casino related taxes. The largest is an 8 percent tax on casino gross revenues and can only be spent on programs that benefit New Jersey State seniors and people with disabilities.

The responsibility for administering these taxes was transferred by the State Legislature from the Division of Taxation to the Commission.

- ❑ Gross Revenue Tax includes audit assessments, penalties, interest and other adjustments.
- ❑ Casino Complimentary Tax imposed a 1.0625% tax upon casino licensees on the value of complimentary rooms, food, beverage, and entertainment granted to patrons. The tax expired on June 30, 2009.
- ❑ Casino Parking Fee requires casinos to remit a fee of \$3.00 per day for any parking space in use in their facility. In FY 09, \$0.50 of the parking fee revenue was deposited into the Casino Revenue Fund, with the remaining \$2.50 forwarded to the Casino Reinvestment Development Authority (CRDA) for statutory restricted projects.
- ❑ Casino Room Fee requires casinos to remit \$3.00 per day for each hotel room occupied by a guest. In FY 09, \$1.00 went to the CRDA and \$2.00 went into the Casino Revenue Fund.
- ❑ Multi-Casino Progressive Slot Tax assesses an 8% tax on casino service industry multi-casino progressive slot revenue.
- ❑ Expired Obligations - As the result of new legislation, casinos are required to remit a percentage of each expiring gaming obligation.

### ❑ **\$352.9 million**

Total taxes deposited into Casino Revenue Fund for FY 2009



Casinos have paid more than **\$8.2 billion** in taxes to the Casino Revenue Fund since 1978.

INDEPENDENT  
AUDITOR'S REPORT

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LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN  
JOSEPH J. ROBERTS, JR.  
*Chairman*

SENATOR  
THOMAS H. KEAN, JR.  
*Vice-Chairman*

SENATE

ANDREW R. CIESLA  
RICHARD J. CODEY  
NIA H. GILL  
ROBERT M. GORDON  
SEAN T. KEAN  
JOSEPH M. KYRILLOS, JR.  
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI  
JON M. BRAMNICK  
JOHN J. BURZICHELLI  
ALEX DECROCE  
ALISON LITTELL MCHOSE  
JOAN M. QUIGLEY  
BONNIE WATSON COLEMAN



## New Jersey State Legislature

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OFFICE OF THE STATE AUDITOR

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*State Auditor*

THOMAS R. MESEROLF  
*Assistant State Auditor*

JOHN J. TERMYNIA  
*Assistant State Auditor*

The Honorable Chris Christie  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Sheila Y. Oliver  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

### INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of the State of New Jersey Casino Control Fund as listed in the accompanying table of contents as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



As discussed in Note 1, the financial statements present only the Casino Control Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2009 and 2008, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casino Control Fund as of June 30, 2009 and 2008 and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010 on our consideration of the Casino Control Fund management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Budgetary Basis and reconciliation are not required as part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Casino Control Fund financial statements. The expenditure detail schedule is presented for the purpose of additional analysis and is not a required part of the Casino Control Fund financial statements. The expenditure detail schedule has been subjected to the auditing procedures applied in the audit of the Casino Control Fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Thomas R. Meseroll  
Assistant State Auditor  
June 30, 2010

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
BALANCE SHEET  
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
Cash	\$ 51,000	\$ 51,000
Accounts Receivable	10,114,651	11,818,889
Less: Allowance for Doubtful Accounts	<u>100,801</u>	<u>100,743</u>
Net Accounts Receivable	10,013,850	11,718,146
Due from General Fund	<u>8,308,340</u>	<u>1,888,499</u>
Total Assets	<u>\$ 18,373,190</u>	<u>\$ 13,657,645</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities		
Accounts Payable	\$ 4,936,101	\$ 4,994,102
Deferred Revenue	<u>11,539,000</u>	<u>3,222,500</u>
Total Liabilities	<u>16,475,101</u>	<u>8,216,602</u>
Fund Balances		
Reserved for:		
Encumbrances	987,197	1,789,974
Unreserved:		
Designated for Continuing Appropriations	910,892	643,592
Undesignated	<u>---</u>	<u>3,007,477</u>
Total Fund Balances	<u>1,898,089</u>	<u>5,441,043</u>
Total Liabilities and Fund Balances	<u>\$ 18,373,190</u>	<u>\$ 13,657,645</u>

The accompanying notes are an integral part of the financial statements

STATE OF NEW JERSEY  
CASINO CONTROL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b><u>REVENUES</u></b>		
Casinos		
Licenses - Casino	\$ 45,846,539	\$ 47,910,335
- Slot Machine	17,540,250	18,294,748
- Alcoholic Beverage	130,802	112,612
Assessments	---	---
	<u>63,517,591</u>	<u>66,317,695</u>
Credits - Prior Year Fund Balance	<u>(3,572,819)</u>	<u>---</u>
Total from Casinos	<u>59,944,772</u>	<u>66,317,695</u>
Other Sources		
Licenses - Casino Employees	1,765,157	3,063,148
- Casino Service Industry	529,337	808,596
Equipment Prototype Testing	2,014,853	2,240,544
Other Revenues	<u>56,169</u>	<u>80,573</u>
Total from Other Sources	<u>4,365,516</u>	<u>6,192,861</u>
Investment Earnings	<u>157,396</u>	<u>462,419</u>
Total Revenues	<u>64,467,684</u>	<u>72,972,975</u>
<b><u>EXPENDITURES</u></b>		
Public Safety and Criminal Justice		
(Division of Gaming Enforcement)	40,570,457	42,884,896
Government Direction, Management		
and Control		
(Casino Control Commission)	<u>27,440,181</u>	<u>28,219,855</u>
Total Expenditures	<u>68,010,638</u>	<u>71,104,751</u>
Net Increase (Decrease) in		
Fund Balance for the Year	(3,542,954)	1,868,224
Fund Balance - Beginning	<u>5,441,043</u>	<u>3,572,819</u>
Fund Balance - Ending	<u>\$ 1,898,089</u>	<u>\$ 5,441,043</u>

The accompanying notes are an integral part of the financial statements

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

**B. Financial Reporting Entity**

The Casino Control Commission and the Division of Gaming Enforcement are agencies of the State of New Jersey. N.J.S.A. 5:12-143 established the Casino Control Fund to account for the financial transactions of these agencies.

**C. Fund Level Financial Statements**

The State of New Jersey issues government-wide financial statements that report information for all of the non-fiduciary activities of the State including that of the Casino Control Fund. Due to the legislative mandate that the Casino Control Fund be financed exclusively by licensing fees assessed upon the casino industry, a Fund Level Financial Statement is prepared for the Casino Control Fund.

A Fund Level Financial Statement includes a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

**D. Measurement Focus and Basis of Accounting**

The Casino Control Fund statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are included on the balance sheet. The operating statement for the fund presents increases and decreases in total fund balances.

In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Expenditures are recognized when the related fund liabilities are incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.

#### **E. Fund Accounting**

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which represents the fund's assets, liabilities, equity, revenues, and expenditures or expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Fund Type - Special Revenue Fund**

The Casino Control Fund is a governmental fund type - Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, private purpose trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

The Casino Control Fund (N.J.S.A. 5:12-143) accounts for fees from the issuance and renewal of casino licenses and other license fees. Appropriations are made from the Casino Control Fund to finance the operations of the Casino Control Commission and the Division of Gaming Enforcement.

#### **F. Budgetary Process**

An annual budget is adopted for the Casino Control Fund. The Legislature enacts the budget through passage of a specific appropriation, the sum of which may not exceed estimated revenues. The annual appropriations act for fiscal year 2009 authorized \$76,082,951 which consists of an original appropriation of \$75,439,000 and other authorized appropriations of \$643,951. Budgetary control is maintained at the program unit level.

During the year, the spending authority delineated in the appropriations act may be revised for supplemental appropriations approved by both the Legislature and the Governor. For fiscal year 2009, no supplemental appropriations were granted to the Division of Gaming Enforcement or Casino Control Commission.

A Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Budgetary Basis for the fiscal year ended June 30, 2009 is presented as required supplementary information to these statements. This statement presents a comparison of the final budget adopted for the Casino Control Fund with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in conformity with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, and the budgetary basis reflects transactions only for the current fiscal year.

There were no expenditures in excess of appropriations in the Casino Control Fund.

#### **G. Fund Balances**

The fund balances of the Casino Control Fund consist of the following:

- 1) Reserved for Encumbrances - Used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
- 2) Unreserved - Designated for Continuing Appropriations - Used to represent that portion of fund balance which has been appropriated by the Legislature.
- 3) Unreserved - Undesignated - Used to represent that portion of fund balance resources available for appropriation.

#### **H. Other**

Other significant accounting policies are described in Notes 2 to 10.

#### **NOTE 2 - Cash**

Represents a \$500 petty cash fund maintained by each agency and a \$50,000 confidential fund maintained by the Division of Gaming Enforcement.



**NOTE 3 - Accounts Receivable**

Represents amounts due from casinos and related entities. Net receivables are substantially collected within three months.

Allowance for doubtful accounts represents one hundred percent of non-current receivables.

**NOTE 4 - Due From General Fund**

Cash transactions of the Casino Control Fund are made by and through the General Fund cash accounts. The balance of cash for this fund held in the General Fund, after receipt and disbursement transactions, is accounted for and reflected in the Due From account on the Balance Sheet.

**NOTE 5 - Capital Assets**

Capital Assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition. Assets greater than \$20,000 are also recorded in the State's government-wide financial statements. Capital assets are depreciated using the straight line method. The State assigned estimated useful life for machinery and equipment is 4-30 years. A summary of these capital assets and related accumulated depreciation for the year ended June 30, 2009 follows:

<u>Program</u>	<u>Asset</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets June 30, 2009</u>
Government Direction, Management and Control	Machinery & Equipment	\$869,615	---	\$22,500	\$475,261	\$371,854
Public Safety and Criminal Justice	Machinery & Equipment	\$606,811	---	\$207,641	\$328,009	\$71,161

**NOTE 6 - Deferred Revenue**

Deferred Revenue represents fiscal year 2010 and fiscal year 2009 slot machine license billings collected and recorded in June 2009 and 2008, respectively.

**NOTE 7 - Fund Balance**

The Casino Control Fund ended with a positive fund balance as of June 30, 2009. This balance includes \$1,868,224 of the fiscal year 2008 fund balance which was credited to casino licensees at the beginning of fiscal year 2010. Pursuant to N.J.A.C. 19:41-9.1(e) the remaining fund balance as of June 30, 2009 totaling \$29,865, will be credited to casino licensees in fiscal year 2011 upon approval by the Commission in proportion to the relative amount of total fees paid by each casino licensee with respect to the fiscal year ended June 30, 2009.

**NOTE 8 - Employee Benefit Costs**

Fringe benefit costs which include pension, health benefits, payroll taxes, and amounts for unused sick leave are originally paid by the General Fund and are charged to the Casino Control Fund using a composite fringe benefit rate.

Cash payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on fifty percent of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from state service prior to retirement are not entitled to payments for accumulated sick leave balances. Sick leave accumulations may also be used by an employee for a personal illness or injury as a means of continuing regular pay. The liability for accumulated employee sick leave balances as of June 30, 2009 and June 30, 2008 of approximately \$3.9 million and \$4.0 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

Employees annually earn 12 to 25 vacation days based on years of service and are permitted to carry over those days earned within a one-year period. The liability for accumulated vacation pay as of June 30, 2009 and June 30, 2008 of approximately \$1.7 million is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

**NOTE 9 - Interest**

The General Fund charges interest to the Casino Control Fund when disbursements exceed receipts collected and credits interest to the Casino Control Fund when receipts collected exceed disbursements made. The interest rate used during fiscal year 2009 and fiscal year 2008 was equal to the effective rate of return on investments in the General Fund and varied from 0.75% to 2.43% in fiscal year 2009 and 2.48% to 5.34% in fiscal year 2008. The net effect of these transactions is reflected in the Investment Earnings account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 10-Contingent Liability**

As of the issuance date of these statements, the Casino Control Fund is not involved in any legal actions wherein there is potential for unanticipated expenditure. Should any legal actions subsequently materialize, N.J.A.C. 19:41 - 9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Casinos				
Licenses - Casino	\$52,869,330	\$51,062,330	\$42,273,720	\$(8,788,610)
- Slot Machine	17,510,000	17,510,000	17,540,250	30,250
- Alcoholic Beverage	113,000	113,000	130,802	17,802
Assessments	---	---	---	---
Total from Casinos	<u>70,492,330</u>	<u>68,685,330</u>	<u>59,944,772</u>	<u>(8,740,558)</u>
Other Sources				
Licenses - Casino Employees	1,806,380	1,806,380	1,765,157	(41,223)
- Casino Service Industry	693,458	693,458	529,337	(164,121)
Equipment Prototype Testing	2,214,000	2,214,000	2,014,853	(199,147)
Other Revenues	<u>76,783</u>	<u>76,783</u>	<u>56,169</u>	<u>(20,614)</u>
Total from Other Sources	<u>4,790,621</u>	<u>4,790,621</u>	<u>4,365,516</u>	<u>(425,105)</u>
Investment Earnings	<u>500,000</u>	<u>200,000</u>	<u>157,396</u>	<u>(42,604)</u>
Total Revenues	<u>75,782,951</u>	<u>73,675,951</u>	<u>64,467,684</u>	<u>(9,208,267)</u>
<b>EXPENDITURES</b>				
Public Safety and Criminal Justice (Division of Gaming Enforcement)	46,451,873	46,451,873	40,592,453	5,859,420
Government Direction, Management and Control (Casino Control Commission)	<u>29,631,078</u>	<u>29,631,078</u>	<u>27,217,240</u>	<u>2,413,838</u>
Total Expenditures	<u>76,082,951</u>	<u>76,082,951</u>	<u>67,809,693</u>	<u>8,273,258</u>
Net Change in Fund Balance	(300,000)	(2,407,000)	(3,342,009)	(935,009)
Fund Balance - July 1, 2008	<u>300,000</u>	<u>3,007,477</u>	<u>3,007,477</u>	---
Fund Balance - June 30, 2009	<u>\$ ---</u>	<u>\$ 600,477</u>	<u>\$ (334,532)</u>	<u>\$ (935,009)</u>

STATE OF NEW JERSEY  
CASINO CONTROL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Budgetary Basis - Net Increase (Decrease) in Fund Balances** **\$ (3,342,009)**

Differences - Budget to GAAP

Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items were received for GAAP purposes. \$ 364,609

Expenditures in prior fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for GAAP purposes. (565,554)

Total Differences - Budget to GAAP (200,945)

**GAAP Basis - Net Increase (Decrease) in Fund Balances** **\$ (3,542,954)**



## **SUPPLEMENTARY INFORMATION**

STATE OF NEW JERSEY  
CASINO CONTROL FUND  
EXPENDITURE DETAIL  
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	2009		2008	
	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION MANAGEMENT AND CONTROL	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION MANAGEMENT AND CONTROL
EXPENDITURES:				
Salaries	\$ 26,164,678	\$ 17,640,890	\$ 28,299,926	\$ 18,690,381
Payroll Taxes and Employee Benefits	8,994,653	6,303,079	9,201,543	6,146,920
Printing and Office Supplies	134,936	139,562	157,062	128,571
Vehicular Supplies	225,939	---	304,593	---
Travel	94,073	6,729	132,865	17,422
Telephone	303,727	270,335	301,266	240,548
Data Processing	251,564	1,217,244	397,064	883,679
Professional Services	47,092	144,253	59,571	188,758
Other Services Other Than Personal	363,906	157,598	630,552	112,944
Rent-Facilities	2,109,730	1,284,081	2,167,289	1,359,710
Rent-Automobiles and Other	57,739	142,563	55,872	175,546
Indirect Costs	1,464,911	31,622	688,016	131,037
Office Equipment	---	29,694	25,477	29,586
Vehicular Equipment	(12,285)	(6,399)	130,595	30,768
Other Equipment	<u>369,794</u>	<u>78,930</u>	<u>333,205</u>	<u>83,985</u>
Total Expenditures	<u>\$ 40,570,457</u>	<u>\$ 27,440,181</u>	<u>\$ 42,884,896</u>	<u>\$ 28,219,855</u>

Chris Christie,  
Governor

*New Jersey  
Casino  
Control Commission*

Linda M. Kassekert  
Chair

Sharon Anne Harrington  
Vice Chair

Michael C. Epps  
Edward J. Fanelle  
William T. Sommeling  
Commissioners

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